Liquidity Crunch in Indian Economy

3586. DR. B.B. DUTTA: Will the Minister of FINANCE be pleased to state:

(a) whether the economy faced a liquidity crunch during the last six months of the year 1995-96 and first quarter of 1996-97;

(b) if so, magnitude of the resource crunch and its impact on the economy;

(c) what were the factors responsible for the resource crunch;

(d) how Government solved this problem; and

(e) steps taken by Government to avoid such a situation in future?

THE MINISTER OF FINANCE AND MINISTER OF COMPANY AFFAIRS (SHRI P. CHIDAMBARAM): (a) to (e) During the last six months of 1995-96 overall liquidity i.e. Money Supply (M3) in the economy rose by Rs. 52,050 crore (9.5 per cent) as compared with a rise of Rs. 52,562 crore (11.0 per cent) in the comparable period of 1994-95. In the first quarter of 1996-97 M3 increased by Rs. 21,383 crore (3.6 per cent) as compared with an increase of Rs. 4,661 crore (0.9 per cent) in the first quarter of 1995-96.

The policy stance for the year (1995-96) was to contain M3 growth to a level lower than that in 1994-95. This was felt to be necessary as the liquidity growth in the previous two years had been very high and the inflation rate had registered double digit levels for two successive years. The stance of monetary policy is to ensure that the genuine productive requirement for credit in the economy are fully met while keeping inflation under control.

Environment and Social Report By Infrastructure Leasing and Financing Services Ltd.

3587. SHRI GOVINDRAO ADIK: Will the Minister of FINANCE be pleased to state:

(a) whether Government have seen the Environmental and Social Report prepared by the Infrstructrue Leasing and financing Services Ltd. the concept of which has been appreciated by the World Bank for making it a standard requirement for projects funded by it around the world and which has appeared in the Times of India dated 8th April, 1996 under the heading "Planning Environmental and Social Responsiblity";

(b) if so, whether the concept envisioned in it will be applicable in the country for accelerating the clearance and implementation of projects being funded from World Bank; and

(c) the steps Government intend to take to implement it?

THE MINISTER OF FINANCE AND MINISTER OF COMPANY AFFAIRS (SHRI P. CHIDAMBARAM): (a) to (c) The Government has seen the Environmental and Social Report prepared by Infrstructure Leasing and Financial Services Ltd. (IL&FS). The World Bank has its own Operational Directive on Environmental and Social issue which the projects assisted by it around the world are required to follow. The Environmental and Social Report prepared by IL&FS Ltd. is designed to meet such requirements for their Private Infrastructure Financing (IL&FS) Project which is based on assistance from the World Bank.

Increase in the Airfare

3588. SHRIMATI BASANTI SARMA: Will the Minister of CIVIL AVIATION be pleased to state:

(a) what are the details of the increase made in the airfare for the last six years from 1990 till date, year-wise;

(b) whether Government propose to further increase in the airfare; and

(c) if so, the reasons therefor and the extent to which it is likely to be increased?

THE MINISTER OF CIVIL AVIATION (SHRI C.M. IBRAHIM): (a) The range of fare increases from India effected by Air India and Indian Airlines in

various international sectors from 0.1.01.90 onwards is indicated below:—

Period				Increase in Percentage
01 January 90	— 30 March 90	5.0	—	17.7
01 April 90	— 30 June 90	4.0	—	19.0
01 July 90	— 30 Sept. 90	4.54	—	27.54
01 October 90	— 31 Dec. 90	2.0	—	10.0
01 January 91	— 30 March 91	7.0	—	
01 April 91	— 30 June 91	3.0	—	20.0
01 October 91	— 31 Dec. 91	3.0	—	11.4
01 January 92	— 30 March 92	3.0	—	
01 April 92	— 30 June 92	5.0	—	15.0
01 July 92	— 30 Sept. 92	10.0	—	
01 October 92	— 31 Dec. 92	15.0	—	
01 January 93	— 30 March 93	8.5	—	
01 April 93	— 30 June 93	15.0	—	26.5
01 July 93	— 30 Sept. 93	15.0	—	
01 January 94	— 30 March 94	4.6	—	6.5
01 April 94	— 30 June 94	3.0	—	20.0
01 July 94	— 30 Sept. 94	3.0	—	20.0
01 April 95	— 30 June 95	0.90	—	9.86
01 July 95	— 30 Sept. 95	2.40	—	
01 October 95	— 31 Dec. 95	10.00	—	15.40
01 January 96	— 30 March 96	3.40	—	20.00
01 April 96	— 30 June 96	10.00	—	15.00

Fare increase effectecd by Indian Airlines is domestic sectors as under:—

Date	Increase in percentage
11.04.1990	15.7
26.09.1990	10.0
07.10.1991	20.0
02.10.1992	9.0
13.09.1993	15.0
25.07.1994	10.0—20.0
15.06.1995	Dollar fare fixed at 15% more than INR fare.
01.10.1995	12.0—23.0
01.01.1996	Dollar fare revised by 20%.

(b) and (c) Airlines are free to fix the fares on domestic sectors in their own commercial judgement keeping in veiw the input costs and the impact on traffic. As regards international fares, the increases are initally discussed and agreed by the airline at the Tariff Co-ordinating Conference of the International Air Transport Association (IATA) and implemented with the approval of the respective Governments. Such review of international fares is undertaken by IATA for different sectors from time to time.

इलेक्ट्रॉनिक मतदान यंत्र

3589. **डा० बाई० लक्ष्मी प्रसाद:** क्या विधि और न्याय मंत्री यह बताने की कृपा करेंगे कि:

(क) क्या यह सच है कि इलैक्ट्रॉनिक मतदान यंत्र बनाये गये हैं और इन पर सरकार के करोड़ों रुपये खर्च हो गये हैं;